AMENDED IN SENATE MAY 6, 2014

AMENDED IN SENATE APRIL 21, 2014

AMENDED IN SENATE MARCH 24, 2014

SENATE BILL No. 1204

Introduced by Senators Lara and Pavley

February 20, 2014

An act to add Section 39719 to the Health and Safety Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

SB 1204, as amended, Lara. California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program.

Existing law requires all moneys, except for fines and penalties, collected by the State Air Resources Board from the auction or sale of allowances as part of a market-based compliance mechanism relative to reduction of greenhouse gas emissions, commonly known as cap and trade revenues, to be deposited in the Greenhouse Gas Reduction Fund, and to be used, upon appropriation by the Legislature, for specified purposes.

This bill would create the California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program, to be funded from cap and trade revenues, to fund zero- and near-zero emission truck, bus, and off-road vehicle and equipment technologies and related projects, as specified, with priority to be given to certain projects, including projects that benefit disadvantaged communities. The program would be administered by the state board, in conjunction with the State Energy Resources Conservation and Development Commission. The bill would require the state board, in consultation with the commission, to create

a multiyear framework and plan, and to adopt guidelines for implementation of the program.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Section 39719 is added to the Health and Safety Code, to read:

39719. (a) The California Clean Truck, Bus, and Off-Road Vehicle and Equipment Technology Program is hereby created, to be administered by the state board in conjunction with the State Energy Resources Conservation and Development Commission. The program, from moneys appropriated from the fund for purposes of the program, shall fund development, demonstration, precommercial pilot, and early commercial deployment of zero- and near-zero emission truck, bus, and off-road vehicle and equipment technologies. Priority shall be given to projects located in disadvantaged communities pursuant to the requirements of Sections 39711 and 39713.

(b) Projects funded by the program shall be limited to the following:

(1) Market development, demonstration, precommercial pilots, and early commercial deployments of zero- and near-zero *emission* medium- and heavy-duty truck technology, including projects that help to facilitate clean goods-movement corridors.

(2) Zero- and near-zero emission bus technology development, demonstration, precommercial pilots, and early commercial deployments, including pilots of multiple vehicles at one site or region.

(3) Zero- and near-zero emission off-road vehicle and equipment technology development, demonstration, precommercial pilots, and early commercial deployments, including vehicles and equipment in the port, agriculture, marine, construction, and rail sectors.

(4) Purchase incentives, including point-of-sale, for commercially available zero- and near-zero *emission* truck, bus, and off-road vehicle and equipment technologies and fueling infrastructure to support early market deployments of new

technologies and to increase manufacturer volumes and accelerate market acceptance.

(c) The state board, in consultation with the *State* Energy Resources Conservation and Development Commission, shall develop guidelines for the implementation of this section that are consistent with the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500)) and this chapter.

(d) The guidelines adopted pursuant to subdivision (c) shall do all of the following:

(1) Outline performance criteria and metrics for deployment incentives. The goal shall be to design a simple and predictable structure that provides incentives for truck, bus, and off-road vehicle and equipment technologies that provide significant greenhouse gas reduction and air quality benefits.

(2) Ensure that program investments are coordinated with funding programs developed pursuant to Chapter 8.9 (commencing with Section 44270) of Part 5.

(3) Promote projects that assist the state in reaching its climate goals beyond 2020, consistent with Sections 38550 and 38551.

(4) Promote investments in medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short haul and long haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, marine equipment, and rail equipment.

(5) Structure purchase incentives for eligible technologies to be sufficient to increase sales of the cleanest vehicles in disadvantaged communities.

(6) Allow for remanufactured and retrofitted vehicles to qualify for purchase incentives if those vehicles meet warranty and emissions requirements.

(7) Establish a competitive process for the allocation of funds for projects funded pursuant to this program.

(8) Leverage, to the maximum extent feasible, federal or private funding.

(9) Ensure that the results of emissions reductions or benefits can be measured or quantified.

(10) Ensure that activities undertaken pursuant to this program complement, and do not interfere with, efforts to achieve and

maintain federal and state ambient air quality standards and to reduce toxic air contaminants.

(11) Establish sustainability goals to ensure that projects will not adversely impact natural resources, especially with respect to state and federal lands.

(e) Eligible projects to be funded by the program do not include projects required to be undertaken pursuant to state or federal law, district rules or regulations, memoranda of understanding with a governmental entity, or other legally binding agreements. The state board may, however, fund studies, technology development, and demonstration projects focused on improving performance and financial payback, multivehicle and *early* commercial scale deployments, and deployment of early commercially available advanced vehicles and equipment.

(f) In evaluating potential projects to be funded pursuant to this section, the state board shall give priority to projects that demonstrate one or more of the following characteristics:

(1) Benefit to disadvantaged communities pursuant to Sections 39711 and 39713.

(2) The ability to leverage additional public and private funding.

(3) The potential for cobenefits or multiple-benefit attributes.

(4) The potential for the project to be replicated.

(5) Regional benefit, with focus on collaboration between multiple entities.

(6) Support for technologies with broad market and emission reduction potential.

(7) Support for projects addressing technology and market barriers not addressed by other programs.

(8) Support for enabling technologies that benefit multiple technology pathways.

(g) To assist in the implementation of this section, the state board, in consultation with the *State* Energy Resources Conservation and Development Commission, shall create a multiyear framework and plan. The framework and plan shall be developed with public input and may utilize existing investment plan processes and workshops as well as existing state and third-party research and technology roadmaps. The framework and plan shall do all of the following:

(1) Articulate an overarching vision for technology development, demonstration, precommercial pilot, and early commercial

deployments, with a focus on moving technologies through the commercialization process.

(2) Outline technology categories and performance criteria for technologies and applications that may be considered for funding under the program. This shall include technologies for medium- and heavy-duty trucking, including, but not limited to, vocational trucks, short haul and long haul trucks, buses, and off-road vehicles and equipment, including, but not limited to, port equipment, agricultural equipment, construction equipment, marine equipment, and rail equipment.

(3) Describe the roles of the relevant agencies and the process for coordination.

(h) For the purpose of this section, "zero- and near-zero emission" means vehicles, fuels, and related technologies that reduce greenhouse gas emissions and improve air quality when compared with conventional or fully commercialized alternatives, as defined by the state board in consultation with the *State* Energy Resources Conservation and Development Commission. "Zero- and near-zero emission" may include, but is not limited to, zero emission technology, enabling technologies that provide a pathway to emission reductions, advanced or alternative fuel engines for long haul trucks, and hybrid or alternative fuel technologies for trucks and off-road equipment.

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